

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

FILED
CHARLOTTE, NC
MAY 21 2015

US DISTRICT COURT
WESTERN DISTRICT OF NC

UNITED STATES OF AMERICA) DOCKET NO. 3:15-cr-127-MOC

)
v.)
)

)
(1) DANIEL HEGGINS and)
(2) JOAN CLARK,)
a/k/a Kehu Tu El)

)

BILL OF INDICTMENT

) Violations:
18 U.S.C. § 371
18 U.S.C. § 287
18 U.S.C. § 2

THE GRAND JURY CHARGES:

INTRODUCTION

At the specified times and at all relevant times:

1. Beginning no later than July 2009 and continuing through in or about May 2011, in Mecklenburg County, within the Western District of North Carolina, and elsewhere, the defendants, DANIEL HEGGINS (“HEGGINS”) and JOAN CLARK (“CLARK”), and others both known and unknown to the Grand Jury, participated in a conspiracy to defraud the United States by submitting false tax returns on behalf of themselves and others. The tax fraud scheme was executed by the creation and submission of various false documents to the Internal Revenue Service (“IRS”) and the recruiting of claimants in whose names the false returns were filed. During the scheme, the defendants filed at least 16 false tax returns claiming more than \$4,000,000 in fraudulent refunds. The false tax returns filed by the defendants intentionally mischaracterized debts owed as interest income and falsely claimed that taxes had been withheld on that income, for which a fraudulent refund was due to the claimant from the IRS.
2. HEGGINS was a resident of Mecklenburg County, North Carolina, within the Western District of North Carolina. HEGGINS incorporated Guarantor Manufacturer, Inc. (“GMI”) in the State of North Carolina as a company purportedly engaged in the business of consulting, investing, debt reduction, and assisting individuals facing foreclosure.
3. CLARK was a resident of Mecklenburg County, North Carolina, within the Western District of North Carolina. CLARK also used the name Kehu Tu El.
4. Unindicted Co-Conspirator No. 1 is a person known to the grand jury who was then a resident of Mecklenburg County, North Carolina, and was formerly employed as a tax preparer.

5. The IRS was an agency of the United States Department of the Treasury responsible for administering the tax laws of the United States and collecting taxes owed to the United States.
6. IRS Form 1099-OID (Original Issue Discount) is used to report income from certain investments and financial transactions. For example, tax on some bonds must be paid annually as interest accrues. Bond issuers report such accrued interest yearly to the IRS and the taxpayer on a Form 1099-OID. Taxpayers then report the interest shown on the Form 1099-OID to the IRS on their income tax returns.
7. The Filing Information Returns Electronically (“FIRE”) system allowed registered entities to file certain information, including Forms 1099-OID, with the IRS. Entities registered for access to the FIRE system via submission of IRS Form 4419.
8. Personally identifiable information is taxpayer information or any combination of information that can be used to uniquely identify, contact, or locate a person. Examples include, but are not limited to: names, addresses, social security numbers, dates of birth, home telephone numbers, biometric data (height, weight, eye color, fingerprints, etc.), other numbers or information that alone or in combination with other data can identify an individual.

COUNT ONE

Violation: 18 U.S.C. § 371 (Conspiracy to Defraud the United States)

9. Paragraphs 1 through 8 of the Introduction Section of this Indictment are re-alleged and incorporated herein.
10. From in or about July 2009 and continuing up to at least in or about May 2011, in Mecklenburg County, within the Western District of North Carolina, and elsewhere, Defendants,

**(1) DANIEL HEGGINS, and
(2) JOAN CLARK,**

did unlawfully, voluntarily, intentionally, and knowingly conspire, combine, confederate, and agree together and with each other, Co-Conspirator No. 1, and with other individuals both known and unknown to the Grand Jury to defraud the United States by deceitful and dishonest means for the purpose of impeding, impairing, obstructing, and defeating the lawful Government functions of the Internal Revenue Service of the Treasury Department in the ascertainment, computation, assessment, and collection of revenue: to wit, individual income taxes.

MANNER AND MEANS

11. Defendants HEGGINS and CLARK and Co-Conspirator No. 1 generally executed the tax fraud scheme in the following way:

- a. One or more of the co-conspirators in the scheme would and did fraudulently hold themselves out as having specialized training and knowledge in order to recruit claimants in whose names the co-conspirators could file false returns.
- b. One or more of the co-conspirators in the scheme would and did obtain the personal identifiable information of the claimants as well as information on debts owed by the claimants in order to prepare the false Forms 1099-OID.
- c. One or more of the co-conspirators in the scheme would and did require up-front payment from most of the claimants for the preparation and filing of the false tax return. The co-conspirators also entered into an agreement with the claimants to split any refund received from the false returns submitted to the IRS.
- d. One or more of the co-conspirators in the scheme would and did electronically file, and caused to be filed, certain false IRS Forms via the FIRE system account registered to GMI. These false forms improperly characterized debts owed by the claimants to third parties, including mortgages and car loans, as income earned by the claimants.
- e. One or more of the co-conspirators in the scheme would and did prepare, and caused to be prepared, and filed, and caused to be filed, false federal income tax returns, Forms 1040, with false Forms 1099-OID, requesting fraudulent refunds from the IRS. Although the returns were prepared by one or more of the co-conspirators, the returns claimed to be self-prepared.

OVERT ACTS

12. To accomplish the objectives of the conspiracy, in the Western District of North Carolina and elsewhere, the defendants and their co-conspirators committed the following overt acts, among others, in furtherance of the conspiracy:
 - a. On or about July 30, 2009, HEGGINS incorporated GMI in the State of North Carolina.
 - b. On or about September 28, 2009, HEGGINS filed and caused to be filed a Form 4419 requesting access to the IRS FIRE system for GMI.
 - c. Beginning on or about October 14, 2009 and continuing until or about November 30, 2009, HEGGINS and CLARK filed, and caused to be filed, IRS Forms 1099-OID with the IRS through the IRS FIRE system account established by GMI.
 - d. Beginning no later than July 30, 2009 and continuing until at least June 16, 2010, defendants and their co-conspirators obtained the following payments, among others, from the claimants as listed below:

CLAIMANT	AMOUNT PAID TO GMI
1	\$3,325
2	\$3,000
4	\$3,000
11	\$2,500
12	\$2,000
13	\$5,000

- e. On or about the following dates, HEGGINS and CLARK filed, and caused to be filed, false tax returns with false Forms 1099-OID requesting fraudulent refunds from the IRS as described below:

CLAIMANT	REFUND CLAIMED	DATE FILED
Kehu Tu El	\$137,770	05/28/2010
Daniel Heggins	\$176,021	06/04/2010
1	\$130,285	06/04/2010
2	\$227,525	06/04/2010
3	\$20,900	06/04/2010
4	\$239,627	06/04/2010
5	\$86,949	06/04/2010
6	\$934,193	06/04/2010
7	\$346,182	06/04/2010
8	\$234,102	06/04/2010
9	\$111,900	06/04/2010
10	\$188,775	06/04/2010
11	\$129,900	06/16/2010

CLAIMANT	REFUND CLAIMED	DATE FILED
12	\$305,450	06/16/2010
13	\$663,109	06/16/2010
14	\$165,064	06/16/2010

All in violation of Title 18, United States Code, Section 371 (Conspiracy to Defraud the United States).

COUNTS TWO through SEVENTEEN

Violation: 18 U.S.C. §§ 287 & 2 (False, Fictitious and Fraudulent Claims and Aiding and Abetting)

13. Paragraphs 1 through 8 of the Introduction Section of this Indictment are re-alleged and incorporated herein.
14. On or about the dates listed below, in Mecklenburg County, within the Western District of North Carolina, Defendants

**(1) DANIEL HEGGINS and
(2) JOAN CLARK**

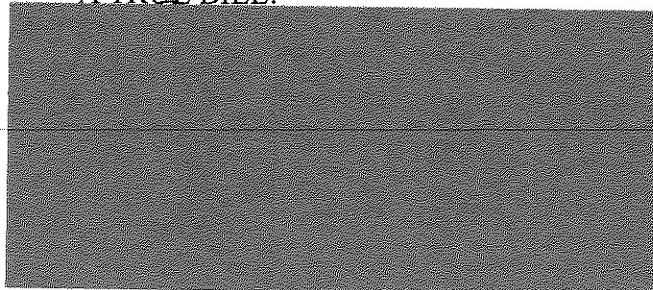
aided and abetted by each other, Co-Conspirator No. 1, and others known and unknown to the grand jury, made and presented, and caused to be made and presented, to the United States claims for payment of federal income tax refunds in the amounts listed below with knowledge that such claims were false, fictitious, and fraudulent. Defendants made the false claims by submitting income tax returns for tax year 2009 on behalf of the individuals identified as claimants below to the United States Department of the Treasury, through the Internal Revenue Service, which returns were based on false income and withholding stated on false Forms 1099-OID.

COUNTS	DATES OF OFFENSE	CLAIMANTS	REFUNDS CLAIMED
TWO	5/28/2010	Kehu Tu El	\$137,770
THREE	6/4/2010	Heggins	\$176,021
FOUR	06/04/2010	1	\$130,285

COUNTS	DATES OF OFFENSE	CLAIMANTS	REFUNDS CLAIMED
FIVE	06/04/2010	2	\$227,525
SIX	06/04/2010	3	\$20,900
SEVEN	06/04/2010	4	\$239,627
EIGHT	06/04/2010	5	\$86,949
NINE	06/04/2010	6	\$934,193
TEN	06/04/2010	7	\$346,182
ELEVEN	06/04/2010	8	\$234,102
TWELVE	06/04/2010	9	\$111,900
THIRTEEN	06/04/2010	10	\$188,775
FOURTEEN	06/16/2010	11	\$129,900
FIFTEEN	06/16/2010	12	\$305,450
SIXTEEN	06/16/2010	13	\$663,109
SEVENTEEN	06/16/2010	14	\$165,064

All in violation of Title 18, United States Code, Sections 287 and 2.

A TRUE BILL:



JILL WESTMORELAND ROSE
ACTING UNITED STATES ATTORNEY

The handwritten signature of Jill Westmoreland Rose, which appears to begin with the letters 'J.W.' followed by her last name.

Michael Savage
Assistant United States Attorney
Todd P. Kostyshak
Trial Attorney, United States Department Of Justice